

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

THE APPLICATION OF GRAYSON RURAL)
ELECTRIC COOPERATIVE CORPORATION)
FOR AN ORDER AUTHORIZING SAID COR-)
PORATION TO BORROW \$1,280,000)
FROM THE UNITED STATES OF AMERICA)
AND TO BORROW \$578,000 FROM THE)
NATIONAL RURAL UTILITIES COOPERATIVE)
FINANCE CORPORATION AND TO EXECUTE)
NOTES TO THE GOVERNMENT OF THE)
UNITED STATES OF AMERICA, AND TO)
THE NATIONAL RURAL UTILITIES CO-)
OPERATIVE FINANCE CORPORATION IN)
THE AFORESAID SUMS OF \$1,280,000)
AND \$578,000 TO PROVIDE FUNDS FOR)
THE CONSTRUCTION OF DISTRIBUTION)
AND SERVICE LINES, MISCELLANEOUS)
CONSTRUCTION INCLUDING TRANSFORMERS,)
SYSTEM IMPROVEMENTS, LABOR, MEMBER)
SERVICE MATERIAL AND OTHER EXPENSES)
AND CONTINGENCIES)

CASE NO. 8394

O R D E R

Grayson Rural Electric Cooperative Corporation ("Grayson") filed its application on November 30, 1981, for a certificate of convenience and necessity and for authorization to borrow \$1,280,000 from the United States of America Rural Electrification Administration ("REA") and \$578,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute its notes as security therefor . The funds acquired by these borrowings are to be used to make system improvements and to extend service to new customers. These improvements and additions, which are estimated to cost \$1,829,100, are more specifically described in the application and record.

A hearing was held on December 22, 1981, in the offices of the Public Service Commission at Frankfort, Kentucky. All parties

of interest were allowed to be heard. There were no intervenors, and no protests were entered.

The Public Service Commission, after consideration of the application and all evidence of record, and being advised, is of the opinion and finds that:

1. The public convenience and necessity require that such construction as is proposed in the application and record be performed, and that a certificate of convenience and necessity be granted.

2. The proposed borrowings are for lawful objects within the corporate purposes of the utility, are necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that Grayson be and it is hereby granted a certificate of public convenience and necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Grayson be and it is hereby authorized to borrow a sum in the principal amount of \$1,280,000 from REA at the rate of 5 percent per annum over a 35-year period with payment of principal deferred for 3 years.

IT IS FURTHER ORDERED that Grayson be and it is hereby authorized to borrow a sum in the principal amount of \$578,000 from CFC at the initial interest rate of 14 percent per annum until a date in 1988 to be specified by CFC and the rate to be variable thereafter, over a period of 35 years.

IT IS FURTHER ORDERED that Grayson be and it is hereby authorized to execute its notes as security for the loans authorized herein.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowings shall be used only for the lawful purposes as set out in the application and record.

Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 23rd day of December, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Vohz
Chairman

Katherine Rendall
Vice Chairman

Sam Carraway
Commissioner

ATTEST:

Secretary